

TERMS and CONDITIONS

Commonwealth of Massachusetts HOME Rental Program

For more information please call the HOME and HSF staff at (617) 727-7824

Eligible Borrowers:	For profit developers; non-profit developers; non-profit organizations designated as CHDOs; municipalities in cooperation with any of the above.
Eligible Activities:	Acquisition and/or rehabilitation of existing structures for multi-family rental use, including distressed or failed properties, or the new construction of multi-family rental projects. Minimum project size of 5 HOME-assisted units.
Maximum Loan Amount:	DHCD will award up to \$750,000 per project and up to \$50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HOME-assisted unit.
Match Requirement:	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a full match, it may not be scored. In general, preference will be given to applications with full match commitments. A list of entitlement and consortium communities is available from DHCD.
Cost/Fee Limits:	Projects with Total Development Costs in excess of \$150,000 per unit may not be scored. Developer Fee + overhead + Development Consultant may not exceed 12.5% of a project's Total Development Cost. Projects seeking HOME in combination with LIHTC should follow the LIHTC guidelines.
Security:	All HOME loans will be secured by a mortgage on the property. HOME funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal.
Affordability:	All units receiving HOME assistance must be occupied by households earning no more than 60% of the area median income and affordable to households earning 65% of the area median income. At least 20% of the HOME units must be affordable to households earning no more than 50% of area median income. (Please contact DHCD for a list of maximum rents and household incomes for your community.)
Holdback Feature:	DHCD provides HOME funds through a simple requisition process and holds back 10% of the HOME award until the project is substantially complete.
Term of Loan:	Loans will be for 30 years. During the final year of a loan, the owner may request an extension of up to 30 years in order to maintain the affordability of the housing.
Recourse:	The loans will be non-recourse.
Interest Rate:	Generally, DHCD HOME loans are deferred payment loans with zero percent interest rates. DHCD reserves the right to assign a higher rate of interest to any HOME loan. HOME loans to projects receiving allocations of Low Income Housing Tax Credits are made at the Applicable Federal Rate (or higher) as required by the Tax Credits program.
Debt Coverage Ratio:	DHCD expects HOME projects to have minimum debt coverage ratios of

	approximately 1.15 in year one.
Environmental:	An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing.
Lead Paint Requirements:	HUD Federal lead-based paint regulations at 24 CFR Part 35 now apply to all projects that are awarded HOME monies.
Handicapped Accessibility:	For the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with handicaps.
Good Standing at DHCD:	Applicants for HOME funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
Application Fees:	The application fee for non-profit developers is \$300 per project; the fee for for-profit developers is \$600 per project.